



Community Development Districts Workshop

Planning & Zoning Department
July 15, 2015

District Map



Community Development District (CDD)

A Community Development District (CDD) means...

... a governmental unit created to serve the long-term specific needs of its community. Established by a developer, landowner or government pursuant to Chapter 190 of the Florida Statutes, CDDs are created for the purpose of planning, financing, constructing, operating and maintaining community-wide infrastructures and services specifically for the benefit of its residents.

Simply put, CDD is an independent special-purpose unit of local government established by a developer or landowner with government approval. CDDs are very similar to municipalities and counties (local general-purpose government).

- Have a governing body with policy-making powers
- Provide essential governmental services and facilities
- Operate in a limited geographical area



Community Development District (Cont.)

The main difference is their purpose:

- Municipalities and counties:
- Provide local general governmental services
- Have broad powers

CDDs:

- Provide local specialized governmental services
- Have very limited, related, and specific prescribed powers
- Don't have the power of a local government to adopt a comprehensive plan, building code, or land development code.
- Can't take action which is inconsistent with applicable comprehensive plans, ordinances, or regulations adopted by the local government (local general-purpose government)



Reasons For Creating CDDs

- CDDs are created to finance, construct, operate, and maintain capital infrastructure, facilities, and services.
- CDDs generate their own revenue to pay for projected growth (such as providing additional services, facilities, and infrastructure) without requiring other taxpayers - who don't benefit from the district's services - to pay; in other words, only those who benefit from the special district's services actually pay. A common revenue source:
 - Non-ad valorem assessments- Appears in the annual property tax bill from the county tax collector and may consist of two parts:
 1. Annual assessment for operations and maintenance, which can fluctuate up and down from year to year based on the budget adopted for their fiscal year.
 2. Annual capital assessment to repay bonds sold by the CDD to finance community infrastructure and facilities, which annual assessments are generally fixed for the term of the bonds.



Reasons For Creating CDDs

- CDDs can be governed by a board of appointed members who have the expertise to focus on the specialized function of the special district. This allows municipalities and counties to focus on general governmental issues.
- Special districts protect property values by assuring property owners that their roads, water and sewer lines, and other essential facilities and services will continue to be maintained.



How CDDs are Governed

- CDDs are community-focused and mission-critical governing boards that address specific planned community needs, and provide and maintain infrastructure and service needs important for area residents.
- CDDs are governed by a five-member Board of Supervisors which is elected initially by the landowners, then begins transitioning to residents of the CDD after six years of operation.
- A CDD does not have the regulatory powers of a county or city, however their operation must be consistent with the regulations and procedures of local governments, including state ethics and financial disclosure laws for CDD supervisors.
- All meetings and records must comply with the Florida Sunshine Law and an annual audit is also required.
- CDDs are fiscally responsible and community-focused governing boards that have a clear purpose specified by the Constitution, general law or special act through which they were created, with strong levels of accountability to protect taxpayer dollars through elected and appointed board members, who receive minimal to no compensation for their public service.
- CDDs have strong levels of accountability to protect taxpayer dollars through board members elected who are elected and appointed by voters in their community or the Governor.
- CDDs are governed by Florida's Sunshine Laws, public records laws, and standards of ethics for elected officials.
- CDD ensure accountability of public resources by being held to the same standard as other public bodies, such as cities, counties and other municipal governments, and are required to conduct the same annual audits of their finances.



CDD Basic Benefits

- CDD can help save money for affected citizens by issuing special assessment bonds to finance community infrastructure which allow the cost of the improvements to be spread over the life of the bonds rather than included in the price of the initial home sale. Therefore, residents will only pay for the district improvement while they own the property.
- They help to protect property values by continuously providing and maintaining services and facilities.
- Only those who benefit from the services pay.
- They are a financing mechanism for the private and public sectors to govern, finance, construct, operate, and maintain essential public services and facilities.



CDD Benefits



Increase property values (plus taxes) and create infrastructure without cost to government.

Developers don't have to use their own money to pay for all the development infrastructure up front.



Residents like them because the initial price of their property should be lower due to deferred infrastructure costs.



CDD's Relationship with Homeowners Association (HOAs)

- CDDs complement the responsibilities of community HOA.

In summary:

- CDD may undertake most of the maintenance functions handled by the HOA
- CDD may contract with the master home owners association
- HOA will focus on operating the association's amenities and ensuring that deed restrictions and other quality standard are enforced.



Accountability & Oversight

To accomplish a high level of accountability, the Act requires districts to comply with many of the same accountability standards as those of counties and municipalities and state government. Examples of these standards include:

- Sending an annual financial report to the Department of Financial Services disclosing the district's revenues, expenditures, and long-term debt
- Sending an annual financial audit, performed by an independent Certified Public Accountant, to the Florida Audit General for review
- Sending information to the State Board of Administration concerning advance notice of bond sales and new bond issues
- Complying with ethics laws, including financial disclosures by governing board members and certain employees
- Conducting district business within the Government-in-the-Sunshine laws, including specific public meeting requirements



How are CDDs overseen and held accountable?

- By its own governing body members
- By citizens who attend governing body meetings to observe the discussions, deliberations, and formal action
- By more than 30 general laws that also apply to counties and municipalities, such as:
 - Government-in-the-Sunshine / Public Records that ensure access to all governmental records and public documents
 - Code of Ethics
 - Bond Financing
 - Annual Financial Audits
 - Annual financial reporting of revenues, expenditures, and long-term liabilities



How are CDDs overseen and held accountable?

- By the Department of Financial Services - collects annual financial data (revenues, expenditures, and long-term liabilities)
- By the Auditor General -
 - Performs desk audits on the Annual Financial Audit Reports to make sure the audits comply with auditing standards
 - Tracks and reports findings repeated for more than two years to the Joint Legislative Auditing Committee
- By the Department of Economic Opportunity - may file a petition for enforcement with the circuit court or declare a special district inactive for dissolution when special districts fail to comply with certain reporting requirements



Underperforming CDDs

Depending on the issue, when districts fail to comply with a requirement, state and local agencies - as well as citizens - can take action. For example:

- Citizens can file ethics complaints with the Commission on Ethics
- The state attorney for the area can investigate and prosecute district officials who violate Government-in-the-Sunshine laws.
- The Governor may remove elected or appointed officials under certain circumstances.
- The entity that created the special district can amend, merge, or dissolve the special district.



Dissolving CDDs

- A county or municipality can pass an ordinance to dissolve a CDD that it created by ordinance
- The Legislature may pass a special act to dissolve a CDD that it created by special act

Note:

The dissolved CDD's property and debt are transferred to the county or municipality in which the CDD was located.





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Questions?